

Message Text

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ACTION EA-12

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FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC IMMEDIATE 6143
INFO AMCONSUL HONG KONG
AMEMBASSY MANILA
AMEMBASSY SEOUL
AMEMBASSY TOKYO

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H PLEASE PASS TO OFFICE OF SENATOR RICHARD STONE

E.O. 11652: N/A
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SUBJECT: CODEL STONE

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INTRODUCTION AND SUMMARY:

DURING HIS VISIT TO TAIWAN, SENATOR STONE EMPHASIZED TRADE
ISSUES AND ENCOURAGED THE ROC TO INCREASE IMPORTS OF
FLORIDA CITRUS FRUITS. IN A PRESS CONFERENCE ON THE FINAL
DAY OF HIS STAY THE SENATOR SAID THAT, WHILE HE
DESIRES BETTER U.S. RELATIONS WITH THE PRC, IMPROVED
RELATIONS MUST NOT COME AT THE EXPENSE OF TAIWAN.

1. SHORTLY AFTER HE ARRIVED IN TAIWAN ON JANUARY 5,
1978, SENATOR STONE ASKED THAT A TELEGRAM DISCUSSING
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HIS TRIP IN FAIRLY COMPLETE DETAIL BE PASSED TO HIS
OFFICE IN WASHINGTON. AN ACCOUNT OF THE HIGH POINTS
OF HIS VISIT TO TAIWAN FOLLOWS:

2. JANUARY 6, 1978

THE SENATOR'S FIRST FULL DAY IN TAIWAN BEGAN WITH

A MEETING WITH THE CHARGE D'AFFAIRES, LATER JOINED BY TAIWAN DEFENSE COMMANDER REAR ADMIRAL LINDER. STONE ASKED A NUMBER OF POLITICAL, ECONOMIC, AND MILITARY-RELATED QUESTIONS. AT HIS REQUEST, THE EMBASSY PROVIDED A LIST OF TAIWANESE HOLDING HIGH OFFICE IN THE GROC AND REPORTS ON ROC-U.S. TRADE BALANCE, HUMAN RIGHTS, AND THE GENERAL ECONOMIC SITUATION IN TAIWAN. TDC LATER PROVIDED FIGURES ON U.S. MILITARY PERSONNEL STRENGTH AND BRIEF DESCRIPTION OF PRINCIPAL U.S. MILITARY UNITS ON-ISLAND. MAAG PROVIDED FIGURES CONCERNING FSM CREDITS, MAP, AND IMET.

3. ECONOMIC COUNSELOR ACCOMPANIED SENATOR STONE ON HIS AFTERNOON CALL ON MINISTER OF ECONOMIC AFFAIRS, Y.S. SUN. MAIN POINTS OF THIS MEETING WERE:

A) BRIEFING BY MOFA ON ECONOMIC DEVELOPMENT OF ROC IN PAST 20 YEARS AND SENATOR'S FAVORABLE COMMENTS ON SAME.

B) EXPLANATION BY Y.S. SUN OF HOW GROC HAS BEEN ABLE TO CONTROL INFLATION DESPITE INCREASED PRICES FOR OIL AND OTHER COMMODITIES; ONE-SHOT INCREASES EARLY IN 1974 OF DOMESTIC PRICES FOR PETROLEUM AND PETROLEUM-RELATED PRODUCTS AND TRANSPORTATION; HIGHER INTEREST RATES TO TIGHTEN MONEY SUPPLY; AND PRICE CONTROLS ON ESSENTIAL COMMODITIES. STONE ASKED SUN FOR PAPER ON MEASURES GROC TOOK. SUN'S ANSWER WAS AMBIGUOUS ON LIMITED OFFICIAL USE

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AVAILABILITY OF SUCH A PAPER.

C) EXPLANATION BY Y.S. SUN OF HOW ROC ECONOMY HAS BEEN ABLE TO GROW IN SPITE OF LACK OF ENERGY RESOURCES. PRICE STABILITY HAS HELPED MAINTAIN ROC'S COMPETITIVE POSITION AND HIGH LABOR PRODUCTIVITY HAS MADE POSSIBLE INCREASES IN REAL WAGES. FUTURE DEPENDENCE ON CAPITAL AND TECHNOLOGY-INTENSIVE INDUSTRIES WILL NOT UPSET BALANCE SINCE SUCH INDUSTRIES WILL BE FOR IMPORT SUBSTITUTION AND NOT FOR EXPORT. ANY INCREASE IN WAGES WILL BE OFFSET BY INCREASED PRODUCTIVITY.

D) STONE GAVE Y.S. SUN PACKET OF INFORMATION ON FLORDIA CITRUS INDUSTRY AND EXPRESSED HOPE PROCUREMENT MISSION WOULD PURCHASE CITRUS WHEN IN FLORDIA. SENATOR ALSO SUGGESTED ROC CONSIDER ENTERING INTO ASSOCIATION WITH FLORIDA CITRUS INDUSTRY FOR JOINT VENTURES TO PRODUCE CITRUS PRODUCTS FOR ASIAN MARKET. SUN AGREED GROC WOULD DO WHAT IT COULD. THIS IDEA WAS FURTHER PURSUED IN DISCUSSION WITH MINISTER K.T.LI AT LUNCH.

4. LATER IN AFTERNOON THE SENATOR CALLED ON NI WEN-YA, PRESIDENT OF THE LEGISLATIVE YUAN. NI HOSTED A DINNER FOR THE SENATOR THAT EVENING.

5. ON JANUARY 7 SENATOR STONE, ACCOMPANIED BY ECON
COUN CALLED ON H.K. SHAO, DIRECTOR GENERAL OF THE
BOARD OF FOREIGN TRADE, MINISTRY OF ECONOMIC AFFAIRS.
DURING THIS MEETING THE SENATOR RECEIVED A BRIEFING
ON GROC PROCUREMENT MISSION TO U.S., WHICH DEPARTED
JANUARY 10, AND INDICATED HE WOULD TRY TO BE IN
TALLAHASSEE WHEN MISSION ARRIVED. SENATOR SPECIFICALLY
ASKED SHAO TO PURCHASE 5,000 CASES OF ORANGES, 25,000
GALLONS OF CANNED ORANGE JUICE, 25,000 GALLONS OF ORANGE
JUICE CONCENTRATE AND 2,000 GALLONS OF ORANGE OIL. HE
SAID ANY PURCHASES OF GRAPEFRUIT WOULD ALSO BE APPRECIATED
AS WOULD MENTION WHILE IN FLORIDA OF GROC PLANS TO
PURCHASE U.S. TOBACCO IN 1978. SHAO STATED MISSION
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WOULD BUY FLORIDA CITRUS AS WELL AS CITRUS FROM OTHER
STATES. BECAUSE OF OPPOSITION FROM ROC CITRUS INDUSTRY,
IMPORTS WILL BE ONLY IN OFF-SEASON (MAY-SEPTEMBER).
DUTY ALSO WILL BE LOWERED DURING THAT PERIOD: FROM 50 PCT
TO 25 PCT FOR ORANGES, FROM 78 PCT TO 39 PCT FOR LEMONS, AND
FROM 78 PCT TO 39 PCT FOR LJAPEFRUIT. SENATOR COMMENTED THAT
HE APPRECIATED INTERNAL PROBLEM GROC FACED AND HE WAS
SURE FLORIDA CITRUS INDUSTRY WOULD BE WILLING TO ASSIST
GROC IN OVERCOMING THAT PROBLEM. HE CONGRATULATED GROC
ON TAKING INITIATIVE IN TRYING TO REDUCE DEFICIT U.S.
HAS WITH ROC AND PREDICTED GROC WILL CREATE CONSIDERABLE
GOODWILL BY ITS EFFORT. PER PARA 2, REFTTEL (C), THE
SENATOR SUGGESTED SHAO SEEK A MEETING WITH SENATOR GLENN
WHEN SHAO VISITS WASHINGTON FEBRUARY 10-15. FINALLY,
THE SENATOR GAVE TO SHAO LETTER FROM STONE TO FLORIDA
GOVERNOR FOR SHAO TO DELIVER PERSONALLY.

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6. ON SUNDAY, JANUARY 8, SENATOR STONE, ACCOMPANIED BY SFRC STAFF MEMBER ROY WERNER, VISITED MILITARY INSTALLATIONS ON KINMEN. THEY RECEIVED A BRIEFING AND TOUR BY THE DEPUTY COMMANDER OF THE KINMEN DEFENSE COMMAND, LIEUTENANT GENERAL W.T. LIN. STONE MADE NO STATEMENT CONCERNING THE GROC'S POSITION ON THE OFFSHORE ISLANDS. THAT EVENING THE SENATOR TRAVELED TO KAOHSIUNG, WHERE HE WAS THE DINNER GUEST OF VICE MINISTER FRED CH'EN.

7. ON JANUARY 9 SENATOR STONE VISITED THE CHINA SHIPBUILDING CORPORATION AND CHINA STEEL CORPORATION IN KAOHSIUNG. HE THEN RETURNED TO TAIPEI FOR A CALL IN THE AFTERNOON ON INSTITUTE OF INTERNATIONAL RELATIONS DIRECTOR TS'AI WEI-PING. AT 5:00 P.M. HE MADE A BRIEF COURTESY CALL ON PREMIER CHIANG CHING-KUO. AT THE SENATOR'S REQUEST, HE CALLED ON THE PREMIER ALONE. PER PARAGRAPH 2, OF REFTEL (A), CCK, ACCORDING TO SFRC STAFFER ROY WERNER, APPARENTLY GAVE STANDARD ARGUMENTS AGAINST NORMALIZATION. HE SAID
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NOTHING ABOUT HIS PRESIDENTIAL NOMINATION.

8. ON TUESDAY, JANUARY 10, SENATOR AND MRS. STONE ACCOMPANIED BY CHARGE D'AFFAIRES AND VICE FOREIGN MINISTER FRED CH'EN PAID A COURTESY CALL ON PRESIDENT YEN CHIA-KAN. AT NOON, MESSRS. WERNER AND PURSELY, ACCOMPANIED BY POLITICAL OFFICER, HAD LUNCH WITH K'ANG NING-HSIANG, INDEPENDENT LEGISLATOR, AND HSU HSIN-LIANG, INDEPENDENT MAGISTRATE OF TAOYUAN COUNTY. K'ANG AND HSU REITERATED THEIR POSITION THAT NORMALIZATION WAS INEVITABLE AND COULD BE BORNE IF ADEQUATE SECURITY ARRANGEMENTS FOR TAIWAN WERE MADE. THEY ALSO DISCUSSED LOCAL POLITICKING IN TAIWAN.

9. IN THE AFTERNOON SENATOR STONE, ACCOMPANIED BY THE CHARGE D'AFFAIRES, CALLED ON MINISTER OF FOREIGN AFFAIRS SHEN CHANG-HUAN AND, IN THE EVENING, PARTICIPATED IN A

DINNER HOSTED BY MINISTER SHEN. THE FOREIGN MINISTER GAVE, AT SOME LENGTH, HIS STANDARD ARGUMENT THAT SINO-SOVIET COMPETITION WORKS TO THE DISADVANTAGE OF THE "FREE WORLD".

10. WEDNESDAY, JANUARY 11, THE FINAL DAY OF SENATOR STONE'S VISIT TO TAIWAN, BEGAN WITH A BREAKFAST HOSTED BY THE AMERICAN CHAMBER OF COMMERCE. ECON COUN ACCOMPANIED. AT 9:15 A.M. SENATOR STONE PAID A BRIEF COURTESY CALL ON AMBASSADOR UNGER, WHO HAD JUST RETURNED FROM THE EAST ASIAN CHIEFS OF MISSION CONFERENCE IN HONG KONG, AND SENATOR AND MRS. STONE WERE LATER ENTERTAINED AT LUCH BY AMBASSADOR (TOGETHER WITH CODEL STRATTON). GUESTS INCLUDED MIN. K.T. LI, ROCAF COMMANDER-IN-CHIEF WU, TWO LEGISLATIVE YUAN MEMBERS, VICE MINISTER CH'EN, ET AL.
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11. LATER IN THE MORNING THE SENATOR HELD A PRESS CONFERENCE IN THE GRAND HOTEL. DURING THE PRESS CONFERENCE NO QUESTION WAS ASKED, PER REFTELS (B) AND (D), CONCERNING THE ALLEGED OPENING OF A NEW PRC OFFICE IN THE UNITED STATES. STONE SAID THAT WHILE HE FAVORS BETTER U.S.-PRC RELATIONS, IMPROVED RELATIONS MUST NOT COME AT THE EXPENSE OF TAIWAN. HE ALSO STATED THAT, BECAUSE OF THE MUTUAL DEFENSE TREATY, THE JAPANESE FORMULA IS NOT APPLICABLE TO THE CHINA ISSUE. HE NOTED THAT THE NOVEMBER, 1977 ELECTION WAS A "REFLECTION OF THE IMPROVEMENT OF THE HUMAN RIGHTS SITUATION HERE," AND COMPLIMENTED THE GROC FOR ITS DECISION TO SEND A BUYING MISSION TO THE U.S.

12. SENATOR AND MRS. STONE AND MESSRS. PURSELY AND WERNER DEPARTED BY U.S. MILITARY AIRCRAFT FOR MANILA FOLLOWING A LUNCHEON AT THE RESIDENCE HOSTED BY AMBASSADOR AND MRS. UNGER. ON JANUARY 13 CONTROL OFFICER ASSISTED WITH THE DEPARTURE OF MISS NANCY STONE AND MRS. LUCH HO, A FRIEND OF THE STONE FAMILY.

13. AT SENATOR'S REQUEST, GIO TOOK EXTENSIVE FILM FOOTAGE OF THE VISITS TO KINMEN AND KAOHSIUNG AND THE CALL ON PRESIDENT YEN. THE SENATOR INSISTED ON PAYING FOR THE UNEXPOSED MOVIE FILM. HE SAID THE FILM WOULD BE USED FOR PR PURPOSES IN THE U.S. GIO PAID FOR THE FILM PROCESSING AND PROVIDED THE CAMERAMEN. GIO ALSO PROVIDED THE SENATORIAL PARTY WITH NUMEROUS STILL PHOTOS. EMBASSY WILL POUCH FILM TO DEPARTMENT WHEN IT IS READY.
UNGER

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